

From: Tim Sweeney [REDACTED]@epicgames.com>
Sent: Thu, 8 Mar 2018 02:55:44 +0000 (UTC)
To: Phil Spencer [REDACTED]@microsoft.com>
Subject: Re: Fortnite going big

Sony hasn't approved PlayStation/Switch interop.

We'd love to open up Xbox-Switch and market it like crazy. Fortnite for Switch is unannounced but coming June 2018 or earlier.

Confidentially, we think Nintendo will be supportive.

Tim

On Mar 7, 2018, at 9:47 PM, Phil Spencer [REDACTED]@microsoft.com> wrote:

Quick question, I don't see Switch on the list, is there anything we can do to help there? We've had a good working relationship with Nintendo on these issues.

Phil

From: Tim Sweeney [REDACTED]@epicgames.com>
Sent: Wednesday, March 7, 2018 5:41 PM
To: Phil Spencer [REDACTED]@microsoft.com>
Subject: Re: Fortnite going big

Hi Phil,

Epic has reached agreement with Sony enabling cross-play, cross-progression, and cross-purchase between PlayStation, PC, Mac, iOS, and Android.

The agreement does not allow for PlayStation-Xbox interoperability, which we fought very hard for without success in this particular round.

Under the agreement, Epic remains free to support any degree of Xbox-PC-Mac-iOS-Android interoperability. The options:

- Cross-play would be awesome, but isn't time-sensitive and could be agreed in a few weeks without much user impact.

- Cross-progression and cross-purchase are time-sensitive and super important for a positive UX. Say 35-40% of Xbox users want to also play on mobile. Under current policy, millions of Xbox customers will learn that they have to create a new account and re-purchase or forego the items they paid for, and they can't share their leveling between accounts!

This really hurts customers of Microsoft, Epic, Apple, and Google. It even breaks the console upgrade path if iOS and Android users can't buy an Xbox and use their existing purchases without losing access to them!

EXHIBIT 8004

Can we enable cross-purchase and cross-progression between Xbox/PC/Mac/iOS/Android for a Tuesday March 13 launch?

Tim

On Mar 6, 2018, at 7:09 PM, Tim Sweeney [mailto:[████████@epicgames.com](#)] wrote:

Hi Phil,

We've moved Fortnite iOS launch forward to **Tuesday March 13**, and Android back by several weeks for optimization.

Could we achieve a meeting of the minds in which Microsoft supports, or at least tolerates, a March 13 launch of cross-play, cross-progression, and cross-entitlement of in-game items in Fortnite Battle Royale? We're flexible on either promoting this at GDC together as a great step forward for the industry, or treating it as a low-key experimental launch that can simply help inform future policy decisions.

Full cross-platform interop is critical for the mobile launch. Though only ~3% of Fortnite console players have played on multiple platforms, we expect the number will rise to 35-40% with iOS/Android given pervasive smartphone ownership. Here's the current UX for that case:

<image.png>

Windows and console platforms are the biggest winner of cross-platform. Games like Fortnite will bring the new generation of casual smartphone players into serious gaming, on the upgrade path to Windows and Xbox. Locking progress and entitlements to a platform is antithetical to that. Imagine a world in which Facebook users on iOS aren't allowed to have friends on Android!

Epic is open to sharing data with Microsoft on future usage of Windows/Mac/Xbox/iOS/Android cross-play and cross-purchasing behavior to help guide future policy by establishing the economic merits of interop.

Tim

On Mon, Jan 15, 2018 at 8:58 PM, Phil Spencer [mailto:[████████@microsoft.com](#)] wrote:

Oh, I misread from the beginning, I had assumed cross-platform currency was something you wanted. My goal is that we get to the point of supporting this as a service.

Cross-progression and cross-entitlement are easier. Let me circle with the team.

Phil

From: Tim Sweeney [mailto:[████████@epicgames.com](#)]

Sent: Monday, January 15, 2018 9:47 AM

To: Phil Spencer [mailto:[████████@microsoft.com](#)]

Subject: Re: Fortnite going big

There are currently 3 separate pools of Fortnite "VBUCKS" currency: Xbox, PlayStation, and Windows+Mac+iOS+Android.

We'd love to merge them all, however per-platform currency wallets aren't a deal-

breaker. We can accommodate an Xbox-locked currency wallet if there are legitimate arbitrage or accounting concerns.

What we really need is for all progress and non-currency items and campaigns bought or earned on each platform to be available on all. Essentially, opt-in cross-platform everything except currency wallet.

Tim

On Jan 15, 2018, at 5:21 PM, Phil Spencer [REDACTED]@microsoft.com> wrote:

I'm not worried about fortnite's monetization, I trust that your motivation is to build a game that people love and are willing to play.

Can you let me know what Store's you are expecting to sell cross-platform currency in?

Phil

From: Tim Sweeney [mailto:[REDACTED]@epicgames.com]

Sent: Friday, January 12, 2018 5:54 PM

To: Phil Spencer [REDACTED]@microsoft.com>

Subject: Re: Fortnite going big

People tend to buy stuff when it's in front of them and looks great.
Purchases should be distributed among platforms by play-time, but tilted towards devices where it looks best - which isn't a 5 inch screen!

Keep in mind, Fortnite Battle Royale monetization is unusually light due to rapid release. However, Battle Pass v1 from December earns 4x more than the paid skins from October, and we think we can achieve a multiple of that with v2 and v3. Not through greed, just a more compelling range of things to sell.

F2P will provide solid revenue and, importantly, increase the frequency of engagement with the platform to reinforce AAA and indie releases. UA is much easier when everyone visits the storefront every day, versus TV ads and retail promotions!

Console and PC do need an influx of new gamers as the older generation ages out. Mobile grew the gamer base 5x, but failed to help us because genres were way too casual and totally disconnected from PC & console.

That's changing fast. In Korea, mobile revenue leadership flipped over to hardcore games like Lineage II Revolution and Blade, and China's following with Honor of Kings (Tencent's MOBA), soon PUBG mobile, and others.

All adults have smartphones and kids have hand-me-down devices. Once they've onboarded to Fortnite there, the Xbox proposition becomes: upgrade and you can have a vastly better experience, play a game you already love, and bring your stuff with you.

Our engine business depends on this trend given Unity's entrenched hold on

casual mobile. If you and I are still on top of things 10 years from now, it'll be because we converted casual gamers into core gamers, mobile gamers into Xbox and PC gamers, and retail business models into storefront engagement models. This is the thing we need to do now.

Tim

On Jan 12, 2018, at 6:53 PM, Phil Spencer [REDACTED]@microsoft.com> wrote:

I'm working on this with the team, we'll get back to you.

One question, and this is just me to you, not trying to spin on this and don't want to create any emotion here but there is a fundamental issue with a subsidized hardware device sitting on a level playing field in terms of PSM liquidity with unsubsidized devices.

Your point around selling more Xbox's only makes sense if we have a PSM capability on console that works. If every game did what you want to do with Fortnite, especially a F2P game, the console model breaks or at least is significantly altered. The price points consoles hit, which gives the entire industry a larger device TAM to sell into based on this somewhat data/store plan that consoles have (pay less than the price of the HW up front and pay for the HW over time via transactions/subs) that us and Sony finance are a good model for the industry in my view. It lets a family walk in on black Friday this year and buy a console for \$189 which is a good thing.

This is my issue not yours and you don't have to focus on the vitality of the console space as much as I do, especially as 3 HW competitors fight it out, but what's your view on how this is sustainable? I always value your input so just asking to get your pov.

One bet is every person just "buys" on the device they primarily play on. I think that's a reasonable bet but the downside of that not being the case is a lot larger for a console than a phone or a PC.

Phil

From: Tim Sweeney [mailto:[REDACTED]@epicgames.com]

Sent: Friday, January 12, 2018 12:25 PM

To: Phil Spencer [REDACTED]@microsoft.com>

Subject: Re: Fortnite going big

Thanks! We have 4 weeks. These features mostly work already, and are just disabled server-side.

Re Fortnite cross-purchase, Epic will provide contractual assurance of Xbox most-favored-nation pricing terms. This is proven operationally and has gone smoothly with PC/PlayStation cross-everything in Paragon since March 2016, and Fortnite since July 2017.

I believe we'll get all platforms onboard. However, if Microsoft supports our requests re all-platform cross-purchase, cross-progression, and cross-play, Epic commits to put Xbox ahead of any platform that blocks these features. If all platforms are unblocked except one, the outlier will be siloed.

-Tim

On Tue, Jan 9, 2018 at 3:25 PM, Phil Spencer

[@microsoft.com](#)> wrote:

Congrats on the success with Fortnite. I'd love to be a great platform and service for Fortnite allowing you to reach maximum potential for the game across all devices.

I was aware the team was there today and I instructed them to be supportive of your asks.

The stickiest of the issues is cross-purchase. I think it's solvable so I'm not saying this is a blocker but we do need to work through the scenario with you. You know this but it's worth stating that compared to PCs and phones, consoles are a very subsidized hardware device. That subsidy obviously relies on software and service sales to recoup the customer acquisition costs of the console. Just like we wanted to support, and did, moving Fortnite to F2P for the BR mode I want to support here. A scenario where a F2P Fortnite on Xbox results in our digital store's price for Fortnite items being non-competitively priced relative to other cross-purchase platforms is an issue we need to mitigate.

Net is I want to work through this with you. I wish we had more time to work through the iOS and Android scenario, sounds like we basically have 2-3 weeks. I don't know how we get ahead of this in the future. I think we've been partners on Fortnite so hopefully we can collaborate on roadmaps more going forward.

Unrelated, one thing you should look at is Mixer and HypeZone on PUBG. We see good viewership for Fortnite on Mixer and we'd love the opportunity to innovative with you here.

I'll follow up with the team post-visit and we'll work through this. Cool opportunity.

Phil

From: Tim Sweeney [mailto:████████@epicgames.com]

Sent: Tuesday, January 9, 2018 11:46 AM
To: Phil Spencer █████@microsoft.com>
Subject: Fortnite going big

Hi Phil,

Folks from the Xbox team are in North Carolina today, and we had a productive discussion in which we disclosed the following highly-confidential plan:

We're bringing Fortnite Battle Royale to iOS and Android in late February. Not a dumbed-down version, but the full experience, running at 30 FPS and supporting cross-play, cross-purchase, and cross-progression.

It'll bring together current and potential gamers in real-world social groups: college dorms, high school classes, even kids, as only Minecraft has done so far. We want to work with Microsoft to unblock all console-mandated interop restrictions in time for this launch. I'm confident we'll achieve this with the other guys and, at any rate, platforms that block interop will be siloed.

Bringing iOS and Android players into a console-quality game experience with all of their friends will be a game-changing experience. It will sell lots of Xboxes as players are pulled into the small-screen experience socially, and want to upgrade to the much better big-screen experience. The good this will do for console gaming as a whole will far outweigh any zero-sum effects of cross-console purchase portability.

Please help us achieve this for launch, if possible through TCR changes that benefit all games, but if necessary through temporary waivers on the longer-term path to that.

-Tim